

Existing Associate Benefit Plan

CareFirstSM

☐ **Compensation**

\$273 million

- Base Pay
- Incentives

☐ **Benefits**

\$ 73 million

- Health
- Time Off
- Retirement

Total Compensation

\$340 million

CareFirst Associate Benefits Equal 29% of Base Pay



Key Management Associates - Non Contractual

CareFirst

Retention Bonus

□ Purpose:

- Maintain Stability of Operations
- Maintain Value of Company
- Provide Management Support for Transaction
- Minimize Risk of Talent Defection



Earned and Contractual Executive Benefits

CareFirst

- ☐ **Long Term Incentive Plan (LTIP)**
 - Deferred Accounts
 - Active Grants
- ☐ **Supplemental Executive Retirement Plan (SERP)**
- ☐ **Change of Control**



Long Term Incentive Plan (LTIP) **CareFirst**

Participants	#	Deferred Balances	Active Grants	Total Payout
Executives with Contracts*	8	\$ 3,604,398	\$10,970,340	\$ 14,574,738
Executives without Contracts	<u>9</u>	<u>\$ 1,076,949</u>	<u>\$ 3,493,283</u>	<u>\$ 4,570,232</u>
	17	\$ 4,681,347	\$14,463,623	\$ 19,144,970

Notes:

All amounts projected to April 1, 2003
LTI payout projected at \$185

* including CEO

The Plan Requires Payout Upon Change of Control (COC)

- ☐ *Deferred Accounts (30%) - Previously Earned from Prior Awards*
- ☐ *Active Grants (70%) - Currently in Progress*



SERP & Qualified Pension Plans

CareFirst

Plan	\$	Payment Triggers
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Accrued Qualified Plan \$ 1,866,744 Upon Termination of Executive

SERP Benefit \$ 20,730,000 Double Trigger upon COC/Termination

\$ 22,596,744

• *Accrued Benefits have been Earned Over a Period of Years*

• *Contractual Obligation*

- Pay SERP Accrued Balance Upon Termination of Executives at COC
- Additional "Executive Service" Provided to Three Executives Hired Mid-career with Prior Executive Experience
- Accrued Qualified Plan Benefit Paid Upon Termination of Executives

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